

Updates for Deferred Compensation Provider Representatives

State Deferred Compensation Plan Contributions Process to Change

NDPERS is pleased to announce a change to the process for remitting deferred compensation contributions. This change affects all employers participating in the State of North Dakota's Deferred Compensation Plan.

Currently, each employer is responsible for remitting an employee's deferred compensation contributions directly to each of the provider companies. **Effective for payrolls paid on August 1, 2004 and after,** all deferred compensation contributions in the State's plan will be remitted directly to NDPERS. Contributions will be validated and all authorized amounts will be sent to the provider companies within three business days of receipt.

The advantages of this centralized process include: 1) improved administration of the plan for participants, employers and provider companies; 2) provider

companies and employers will have one point of contact for questions on all contributions – NDPERS; and 3) deferral elections change to a per pay period reporting cycle.

Participant Agreement for Salary Reduction Form (SFN 3308) Revised

With the change to the "per pay period" reporting cycle it became necessary for us to revise the **Participant Agreement for Salary Reduction form (SFN 3803)**. For employees that are paid more than once per month, the form now reflects the amount per pay period as opposed to a monthly amount as has been required in the past. For example, if the employee contributes \$100 per month and is paid on the 15th and 31st days of the month, Section 5 of the form would now be completed by designating \$50 per pay period.

It will be necessary to use the new forms effective August 1, 2004. *Older versions of the Participant Agreement Form (SFN 3308)*

will not be accepted after this date and will be returned to the participant.

Hardship Withdrawal Procedures

As most of you are aware, the state's deferred compensation plan allows participants to take in-service distributions from their accounts in the event of a financial hardship. According to IRC 457 provisions, a financial hardship is defined as an unforeseeable emergency resulting from a sudden and unexpected illness or accident occurring to you or one of your dependents, loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

Recently, through our internal reconciliation process, NDPERS became aware of several instances in which participants had received a hardship withdrawal from their deferred compensation account without prior

authorization from the NDPERS Board. These transactions were processed solely by the provider company. The PERS Board determined that the actions of the provider companies involved jeopardized the NDPERS plan's eligible status. As a result, the Board directed that each of the providers must reinstate the distributions to the participant's accounts from the date of distribution, including any gains or losses. Failure to comply with this directive would have resulted in loss of eligibility to participate with the States' 457 Plan.

For future reference, remember that participants who wish to exercise their option under the hardship provision **must contact the NDPERS office to obtain an application.** The NDPERS Board makes the final determination on all hardship withdrawal requests

NDPERS Deferred Compensation Companion Plan Record Keeper/Administrator Change

As a result of a recent Request for Proposal by the PERS Board, the contract for services for the NDPERS 457 Deferred Compensation Companion Plan was awarded to Fidelity Investments. VALIC was the previous provider for these services and will continue as a provider company for the North Dakota Deferred Compensation Plan.

NDPERS website can be found at : www.state.nd.us/ndpers

Save these Dates!

Training will be offered this fall in the following locations:

Bismarck: September 29

Fargo: October 6

Devils Lake October 7

These locations were determined based upon a review of the locations of provider representatives needing recertification in the training program. Invitations will be mailed to those who need to take the training to retain their NDPERS status, others need not attend unless he or she is new to the NDPERS plan. Contact the NDPERS office for details if you are a new provider representative. Details will be placed on the website by the end of August regarding these trainings.

